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3 Phoenix, Arizona 85012-2913
Telephone: (602) 916-5367
4
5 Attorneys for Appellant
Cyprus Bagdad Copper Corporation

6
7 STATE LAND DEPARTMENT OF THE STATE OF ARIZONA
8 BEFORE THE BOARD OF APPEALS
9

10 IN THE MATTER OF APPEAL OF
APPRaisal OF APPLICATION TO
PURCHASE GROUNDWATER NO. 21-102152
11 IN THE AMOUNT OF \$85 PER ACRE-FOOT,
WITH A MINIMUM ANNUAL REMOVAL OF
12 80 ACRE-FEET FOR A TOTAL MINIMUM
ANNUAL ROYALTY OF \$6,800 FOR A TERM
13 OF TEN YEARS ON STATE LAND
DESCRIBED AS:

A.B. NO. 997

14 SECTION 17, TOWNSHIP 13 NORTH,
15 RANGE 9 WEST, YAVAPAI COUNTY,
ARIZONA
16

17 IN THE MATTER OF APPEAL OF
APPRaisal OF APPLICATION TO
PURCHASE GROUNDWATER NO. 21-102153
18 IN THE AMOUNT OF \$85 PER ACRE-FOOT,
WITH A MINIMUM ANNUAL REMOVAL OF
19 80 ACRE-FEET FOR A TOTAL MINIMUM
ANNUAL ROYALTY OF \$6,800 FOR A TERM
20 OF TEN YEARS ON STATE LAND
DESCRIBED AS:

A.B. NO. 998

21
22 SECTION 29, TOWNSHIP 14.5 NORTH,
23 RANGE 8 WEST, YAVAPAI COUNTY,
ARIZONA
24
25
26

1 IN THE MATTER OF APPEAL OF
2 APPRAISAL OF APPLICATION TO
3 PURCHASE GROUNDWATER NO. 21-102154
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7 ANNUAL ROYALTY OF \$6,800 FOR A TERM
8 OF TEN YEARS ON STATE LAND
9 DESCRIBED AS:

A.B. NO. 999

10 SECTION 1, TOWNSHIP 15 NORTH,
11 RANGE 9 WEST, YAVAPAI COUNTY,
12 ARIZONA

13 IN THE MATTER OF APPEAL OF
14 APPRAISAL OF APPLICATION TO
15 PURCHASE GROUNDWATER NO. 21-102155
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19 ANNUAL ROYALTY OF \$6,800 FOR A TERM
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21 DESCRIBED AS:

A.B. NO. 1000

22 SECTION 11, TOWNSHIP 15 NORTH,
23 RANGE 9 WEST, YAVAPAI COUNTY,
24 ARIZONA

25 IN THE MATTER OF APPEAL OF
26 APPRAISAL OF APPLICATION TO
PURCHASE GROUNDWATER NO. 21-102156
IN THE AMOUNT OF \$85 PER ACRE-FOOT,
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DESCRIBED AS:

A.B. NO. 1001

SECTION 24, TOWNSHIP 15 NORTH,
RANGE 9 WEST, YAVAPAI COUNTY,
ARIZONA

APPELLANT: CYPRUS BAGDAD COPPER
CORP.

**CYPRUS BAGDAD COPPER
CORPORATION'S MOTION
FOR LEAVE TO AMEND
APPEAL OF APPRAISAL**

Pursuant to Ariz. Admin. Reg. R12-5-2309, Cyprus Bagdad
Copper Corporation moves for leave to amend its Appeal of

1 Appraisal for Applications Nos. 21-102152 through 21-102156 to
2 delete its proposal that the Board adjust the purchase price to
3 \$65.00 per acre foot for all of these applications. Cyprus
4 Bagdad respectfully suggests that the water should be valued
5 based upon the evidence before the Board, and in all but one
6 instance the value of \$65.00 per acre foot is excessive in light
7 of that evidence.

8 DATED this 8th day of December, 1997.

9 FENNEMORE CRAIG, P.C.

10
11 By 
12 Lauren J. Caster
13 Attorneys for Appellant Cyprus
14 Bagdad Copper Corporation
15
16
17

18 Copies of the foregoing mailed
19 this 8th day of December, 1997,
20 to:

21 J. Dennis Wells
22 State Land Commissioner
23 1616 West Adams Street
24 Phoenix, Arizona 85007

25 Terri M. Skladany
26 Assistant Attorney General
Solicitor General & Opinion Section
Office of the Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-2926
Attorney for the Board

1 Karen E. Baerst, Esq.
2 Assistant Attorney General
3 Land and Natural Resources Section
4 State of Arizona
5 1275 West Washington Street
6 Phoenix, Arizona 85007-2926

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Phyllis J. Warren

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APPELLANT: CYPRUS BAGDAD COPPER
CORP.

CYPRUS BAGDAD COPPER
CORPORATION'S LIST OF
WITNESSES AND EXHIBITS

Pursuant to Ariz. Admin. Reg. R12-5-2304, Cyprus Bagdad
Copper Corporation lists the witnesses it may call and the

1 exhibits it may offer on its behalf at the hearing in these
2 appeals. Accompanying this List of Witnesses and Exhibits are
3 copies of the exhibits.

4 **Witnesses**

- 5 1. Phil M. Blacet, Staff Geologist, Land and Environmental
6 Affairs, Cyprus Bagdad Copper Corporation;
7 2. Walter D. Armer, Jr., MAI, ARA, Walter D. Armer &
8 Associates;
9 3. Any witnesses called by the Appellee;
10 4. Any witnesses necessary to respond to issues raised at the
11 hearing.

11 **Exhibits**

- 12 1. Map of Water Wells Subject to Application Nos. 21-102152
13 through 21-102156;
14 2. Estimated Replacement Costs for Cyprus Bagdad's (CBCC's)
15 Water Well System on Arizona State Land, prepared by Phil M.
16 Blacet;
17 3. Appraisal Report of Mr. Walter D. Armer, Jr., dated
18 December 8, 1997;
19 4. Letter dated January 14, 1997 to Mr. Stanley Adams from Ms.
20 Cynthia Stefanovic concerning Water Agreement No. 21-100766;
21 5. Certificate of Grandfathered Groundwater Right No.
22 58-107119;
23 6. State Land Department Water Agreement No. 21-99057;
24 7. Certificate of Grandfathered Groundwater Right No.
25 58-107072;
26 8. Any exhibits listed or used by Appellee;
9. Any exhibits necessary to respond to issues raised at the
hearing.

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DATED this 8th day of December, 1997.

FENNEMORE CRAIG, P.C.

By Lauren J. Caster
Lauren J. Caster
Attorneys for Appellant Cyprus
Bagdad Copper Corporation

Copies of the foregoing and
attached exhibits mailed this
8th day of December, 1997, to:

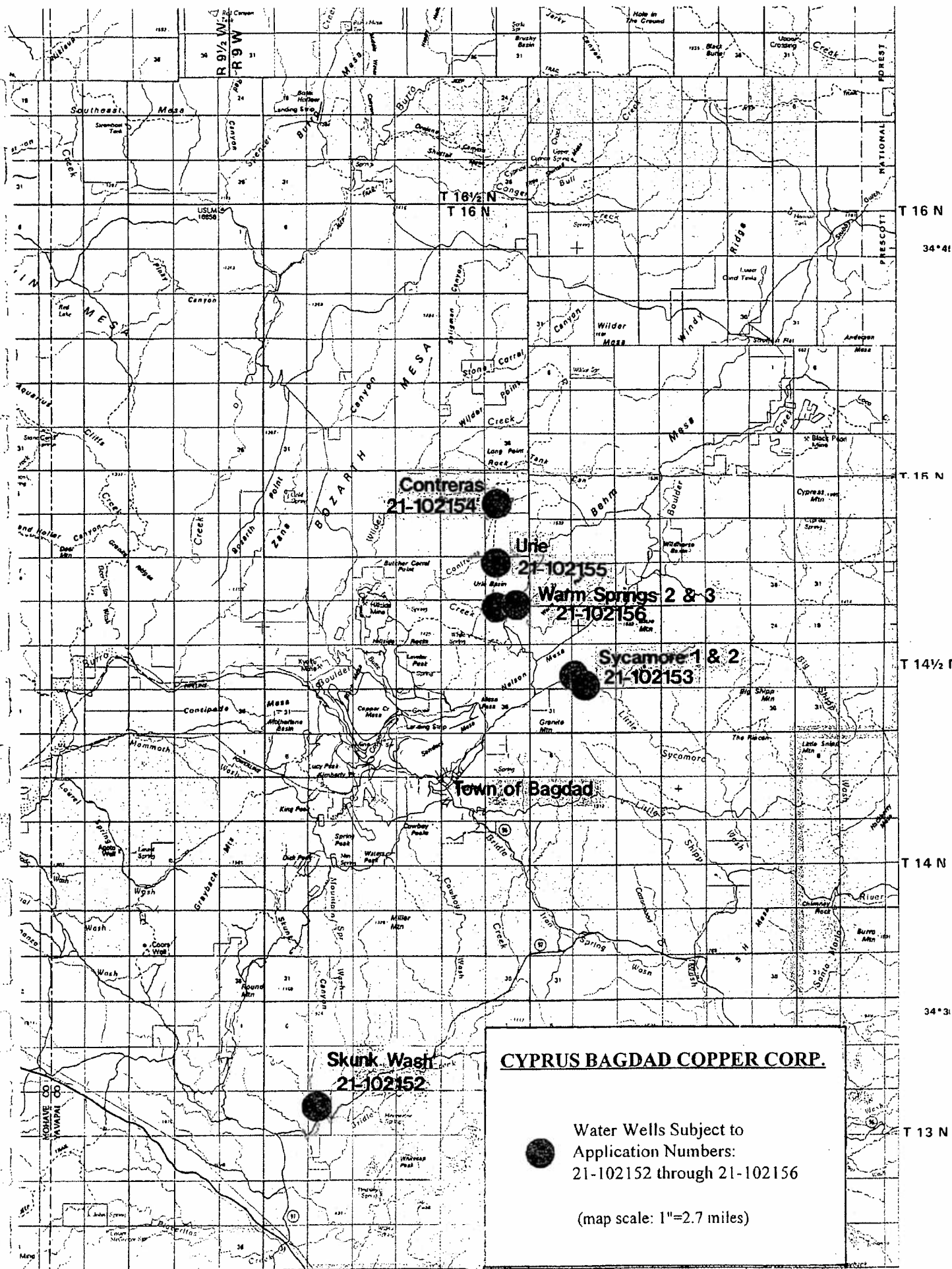
- J. Dennis Wells
State Land Commissioner
1616 West Adams Street
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- Terri M. Skladany
Assistant Attorney General
Solicitor General & Opinion Section
Office of the Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-2926
Attorney for the Board
- Karen E. Baerst, Esq.
Assistant Attorney General
Land and Natural Resources Section
State of Arizona
1275 West Washington Street
Phoenix, Arizona 85007-2926

Phyllis J. Warner

HEARING EXHIBITS

CYPRUS BAGDAD COPPER CORPORATION
APPEAL OF APPRAISALS
APPLICATION NOS. 21-102152 through 21-102156

1. Map of Water Wells Subject to Application Nos. 21-102152 through 21-102156;
2. Estimated Replacement Costs for Cyprus Bagdad's (CBCC's) Water Well System on Arizona State Land, prepared by Phil M. Blacet;
3. Appraisal Report of Mr. Walter D. Armer, Jr., dated December 8, 1997;
4. Letter dated January 14, 1997 to Mr. Stanley Adams from Ms. Cynthia Stefanovic concerning Water Agreement No. 21-100766;
5. Certificate of Grandfathered Groundwater Right No. 58-107119;
6. State Land Department Water Agreement No. 21-99057;
7. Certificate of Grandfathered Groundwater Right No. 58-107072.



Estimated Replacement Costs for
Cyprus Bagdad's (CBCC's) Water Well System on Arizona State Land
(P. M. Blacet, 11/24/97)

The following are conservative estimates of present day replacement costs for CBCC's seven well water system on State lands in the vicinity of Bagdad, Arizona, which are subject to applications to auction numbers 21-102152 through 21-102156. These costs are based on recent bids and estimates by outside contractors (e.g. Beeman Drilling, Sturgeon Electric), or on actual construction costs for recent projects (Bateman Construction). These estimates are undoubtedly low because they exclude the very high cost of constructing more than 12 miles of powerline and pipeline access roads, built across very rugged terrain, especially the roads to Warm Springs, Urie, and Contreras wells north of Boulder Creek Canyon. In addition, the estimated replacement costs assume the original steel pipelines are replaced with less expensive HDPE pipe, and are sized smaller to reflect presently lower water production rates. No engineering costs are included, and the estimated environmental and permitting costs are conservative because it was assumed that no EIS would be required and that archaeological and T&E surveys would not lead to extensive mitigation projects. The average depth of the seven wells is 478 feet, with most wells having 16-inch diameter steel casing set in 22-24 inch diameter boreholes. The well replacement estimates include gravel packing, limited well development, and installation of 200-400 gpm submersible pumps with switch gear, but no costs for hydrological studies or post-completion pump testing normally undertaken for new wells.

Six Active Wells -- average depth 478 feet, 16" casing, with pumps and switch gear (Beeman Drilling, assumes no major well construction problems under difficult local drilling conditions)

6 wells, average replacement cost @ \$136,000 -----\$816,000

12.5 kV Powerlines -- service to wells, no road costs
(Sturgeon Electric, recent bid for nearby project, no road costs)

11.5 miles, to six active wells, @ \$92,000/mile -----\$1,058,000

HDPE Waterlines -- to six active wells (based largely on actual recent Bateman Construction costs for CBCC pipeline projects)

11.0 miles of 6" diameter HDPE @ \$45,000/mile -----\$495,000
4.5 miles of 10" diameter HDPE @ \$65,000/mile -----\$292,500

Permitting and Environmental Costs -- rights-of-way to six active CBCC wells; with no EIS or significant mitigation requirements

11.5 miles @ \$7,500/mile ----- \$86,250

TOTAL - replacement cost for active six-well system-----\$2,747,750

Estimated replacement cost of the 473 foot deep Skunk Wash Well (application for auction number 21-102152) is \$25,000 lower than one of the active wells, because even though its depth equals the average of these six wells, this well is not equipped with a pump or electrical switch gear -----\$111,000

The following is the estimated cost to bring the Skunk Wash well into the Cyprus Bagdad water system.

12.5 kV Powerline -- service to Skunk Wash well, via less difficult terrain from a powerline 6 miles to the north (Sturgeon Electric, recent bid for nearby project)

6.0 miles @ \$88,000/mile-----\$528,000

Submersible pump, etc. -- 400 gpm, switch gear, booster pump and tank

(loosely based on Beeman Drilling and recent CBCC project costs)----- \$60,000

HDPE Waterline -- Skunk Wash Well to CBCC Kimberly Pond area

8.0 miles of 8" diameter HDPE @ \$55,000/mile-----\$440,000

Permitting and Environmental Costs (no EIS or significant mitigation)

6.0 miles @ \$7,500/mile----- \$45,000

TOTAL -- replacement/construction cost for Skunk Wash well and delivery system if incorporated into CBCC water supply -----\$1,184,000